Notice of Regular Board Meeting

Tuesday, February 25, 2020

Notice is hereby given to the Members of Seven Coves Association, Inc., that the Board of Directors calls a regular meeting of Directors to be held on Tuesday, November 26, 2019 at 6:30 P.M. The meeting will be held in the Seven Coves Association, Inc. clubhouse to consider and act upon the following agenda.

I. Executive Board Meeting (Closed Meeting)
II. Meeting Called to Order (Open Meeting)
III. Approval of Minutes
IV. Approval of Financial Report– Neil Curlee
V. President's Report-Tim Steinmuller
VI. Reports from Board Members:

A. Kevin Lacy
B. Shelly Corso-Events report
C. Donald Chronister-Security report
D. Amy Lundy/Steve Durham-Deed Restriction & Marina Report
E. ACC Report

VII. Open Forum

VIII. Adjournment of Regular Meeting
This meeting could adjourn to an executive meeting on any topic.

IX. Reconvene

X. Adjourn

SEVEN COVES HOMEOWNERS ASSOCIATION
Monthly Board Meeting
Tuesday, January 28, 2020

Regular Meeting called to order at 6:32 pm

Seven Coves Board Members Present:
Tim Steinmuller, Shelly Corso, Neil Curlee, Kevin Lacy, and Don Chronister

IMC Reps. Present:
Amy Lundy & Steve Durham

Approval of November Minutes: Motion-Shelly, Second-Kevin, unanimously approved.

November Financial Report was given by Neil. Motion to approve the report-Shelly, Second-Kevin, unanimously approved.

President's Report was given by Tim Steinmuller, President:
This year and this 1st month of 2020, each board member will give a brief report on their area of responsibility. The pool resurfacing job has been completed except caulking around the coping. Power washing is completed on the front fence, lighthouse, fishing pier, clubhouse deck, and all 4 docks. The playground equipment and cover will be completed this week. We are continuing to replace lighting outages in the marina & playground parking lot, including replacing a couple of old fixtures. We've been receiving calls about road repairs and potholes that need attention. A letter was written, and a phone call followed up to Mr. Meador's office. They don't have it in the budget to do any repaving in Seven Coves. They said there are lots of roads that are in much worse condition then Seven Coves. They are fixing potholes, though. We asked the MUD #2 when the large metal plate will be removed on Kingston Cove Ln., in front of The Landing Condos and it is scheduled to be removed at the end of this week, weather permitting. At this month's meeting the board will be finalizing the 2020 budget and looking to get it approved by the board. I encourage you if you are reading this letter and do not attend the HOA meetings, that you consider coming to them. We meet at 6:30 pm on the last Tuesday of every month. We meet for about 30-45 minutes. It's a great time to meet neighbors and see what is going on in the subdivision. We also appreciate member's feedback and questions of concern.

Board Member's Reports:
Kevin talked about parking issue in front of basketball court and working on remedies. Maybe painting red stripe on curb or post signs along curb for no parking. Shelly talked about a new digital sign to advertise events and important information on Subdivision matters. ACC reported 3 new construction jobs, 1 dock, 1 exterior paint, and 1 fence install.
Tiana with Waste Management gave a presentation on what their programs offer to Seven Coves, explained what is recyclable and not, what goes into the recycling process and what they can and cannot dispose of.

Open Session:
Resident commented on speeding driver down Bluehaven and came dangerously close to hitting a child. She was advised to contact the County to post a "no outlet" sign at the end of their road. Resident discussed new internet company that she received a flier on. Another resident suggested using Tang hotspot for internet. Bird Island park has many ant piles that need attention.

Recap of Executive Session:
Discussed installing new billboard sign for front entrance.
Met with Tax consultant to discuss taxes on amenities.
Discussed budget item Courtesy patrol.
Discussed basketball court issues.
Update on pool resurfacing project being completed.

Closed Session of Executive Meeting called to order at 5:05 pm

Closed Session of Executive Meeting adjourned at 6:14 pm

Open Session of Regular Meeting called to order at 6:32 pm

Open Session of Regular Meeting adjourned at 7:35 pm

Reopened Session of Executive Meeting 7:40 pm

Closed Reopened Session of Executive Meeting 7:45 pm

JANUARY 2020 FINANCIALS

See the results as detailed on the Financial Reports for January.

BALANCE SHEET	**2019**	**2020**
TOTAL ASSETS	**$1,969,235.20**	**$1,601,502.03**
TOTAL LIABILITIES	$906,385.40	$812.653.16
TOTAL EQUITY	1,062,849.80	$788.848.87
	$1,969,235.20	**$1,601,502.03**

	2019	**2020**
OPERATING ACCOUNT	**$352,885**	**$435.099**
DOCK #2 RESERVES	**$3,673**	**N/A**
PROJECT RESERVE	**$155,153**	**$179.402**
ASSETS REPLACEMENT	**$58,020**	**$58,049**
	$569,731	**$672,550**

Y.T.D. Operations are consistent with the necessary expenditures for the Pool remodel, electrical and camera infrastructure repairs. Our cash position is $102,819 over the same period L.Y. and all invoices have been paid. In February we will commence funding our important reserve accounts... delayed last year to ensure we had enough cash on hand for the infrastructure repairs fore mentioned.

LONG RANGE PLANNING

February 25, 2020

GOAL: SOLVENCY (Ability to pay expenses when due and meet long term debt and financial obligations. This achieved through planning and objectives for maintenance, enhancement and addition of assets with efficient use of resources.)

Budgeting and capital reserves are the primary tools in planning. We maintain a floor of $200,000 to meet our operation expenses and an operating expense reserve with a planned floor of $100,000 which can be utilized in support. Currently, the Operating Account has a balance in excess of $334,508.11 and the major expenses are paid, including our Insurance Premium of nearly $90,000 for this year.

We fund two additional reserves; **Asset Replacement** for use in purpose to supplement or fund expense for targeted assets as they become aged of useful life. **Project Reserve** for use to supplement or fund expense for either/or unbudgeted or targeted projects.

The **Asset Replacement** account is currently funded with a floor of $24,000 annually with an annual ceiling of $32,160 predicated on the Operating Accounts at year end. Currently there is $181,425 in that account and will have a minimum balance of $201,000 by the end of 2020.

The **Project Reserve**, is funded annually from the Operating Account @ 10% of the previous year balance. Currently the balance is $63,822 and will have a balance of $70,204 by the end of 2020.

Our expenditures to maintain infrastructure are a constant because the age of many of the fixed assets is nearing 50 years, including the Marina and Clubhouse. Within the last year we replaced Dock #2 at an expense of $600,000. The dock had deteriorated to a point where continued maintenance was impossible and it required replacement for the safety of tenant property. This project was financed with a ten year low interest obligation of $400,000 with a current balance of $355, 534.58 a/o January 31st. In addition, we remodeled and updated the community pool at a cost of nearly $80,000 which was paid in full out of our Operating Account.

The Marina, Clubhouse and Trailer Lot are important sources of revenue for Seven Coves. Costs of Maintenance for these assets has been insignificant compared to their contribution for our operations. The Association Board has determined that in the future these assets will continue to factor in benefit for the membership and their individual property values. That decision requires formation of planning beyond annual operation budgets with provisions for attention over the long term.

The Marina, pool, tennis court, Fishing Pier and park are terrific amenities for any member who chooses to enjoy them. They are very important for the operation of the Condominium Regimes as they promote their enterprises to the public...and every property owner benefits from the enhancement they add to property values.

Objective: Retirement of Debt. Currently we have a note with a balance of $358,262.11 @4.90% interest scheduled for payoff 7/16/2028 with payments of $4,245, 53 ($50,946.36 annually). We plan to increase our monthly/annual payments to $6,745 monthly ($80,940 annually) which would change the payoff date to June of 2025 with an interest savings of $60,000 over a period of 5 years. More

importantly, we free up the debt and credit line to finance another major infrastructure replacement or catastrophic asset event if necessary. We can do this with no commitment to our lender and no fault if the additional payments originate from our operating account and not from another lending institution.

Objective: Build our Cash Reserves. As we work to retire current debt, we cannot ignore the maintenance and possible replacement of the existing assets. At some point in time, the Marina Parking lot will require resurfacing, the flooring of the Fishing Pier will be replaced, the Clubhouse will need to be updated and the deck replaced, a portion of the Marina Bulkhead needs attention, and the Jetty walkway needs repair. We cannot only depend on the Operating Account to fund these projects, especially when we accelerate our debt payment. In addition, we use the reserves to partially fund major projects that may require financing...which allows us to service additional debt without special assessment or the adjustment of dues.

Objective: Replace aging Marina Docks. The Marina Docks, except for Dock #2 are aged approaching 40 years. Each dock replaced will cost a minimum of $600,000 representing an investment of 1.8 million in total. It is doubtful that all three docks will fail simultaneously...and with close attention may last for several more years, however, the Association Board of Directors would be remiss in not planning for the inevitable. As resources dictate and in the absence of a dock failure, initially, we would replace Dock #4 followed by Dock #1 and #3, in that order.

Dues Structure: Our Membership Dues were last raised 8 years ago. As expenses have increased, we have been able to sustain our operation because of the revenue increases from the rental entities and efficiencies in our expenditures. Expenses for security, trash service, grounds keeping and infrastructure repair are increasing with each year...and we are near the maximum we can expect from rental entity revenue increases. To achieve our objectives and keep Seven Coves viable, beginning in 2021 we will eventually be raising the dues structure to $525 annually. The increase will be in increments of $25.00 annually over four years to total $525 in 2024. Each member and property will be billed accordingly commencing next year. These increments may be adjusted to $50.00 annually to total $525 in 2022 if circumstances.

Membership H.O.A. dues in Seven Coves, even with the escalation will remain lowest on the lake for our size and amenities. For example, our contract with Waste Management is $130,993.56 annually or $200.91 per property for weekly pick-up of trash, recyclables and household fixtures. Using a conservative figure of $10.00 weekly if you could find a trash service individually, you could pay $520 plus tax annually for this alone. In addition, your dues pay $62.18 annually for Constable Patrol and not included in this security expense, we maintain an extensive camera network to enhance deterrent of criminal activity to keep all the properties safe.

Neil Curlee

February newsletter from the President
By Tim Steinmuller

I hope your February has gone well, this Tuesday the 25th will be our monthly HOA meeting at 6:30 at the clubhouse. Board members will be giving individual reports on their areas of responsibilities but our Treasurer, Neil Curly will be going in depth about our finances and what expenditures we see coming up in the near future, what our reserves are and a general overview of our HOA'S financial health. If you are unable to attend, the report will be available online on our website.

February has been a quite a month project wise. If you drive down Kingston Cove Lane you will notice that the big metal plate is finally gone. The road has been repaired and it is nice to be able to drive it again without hitting the big metal plates.

Probably the biggest news is that SJRA met and made a decision on the lake lowering. Here is the summary of what they will do.
Spring lowering:
Lower to 200' MSL beginning April 1 through May 31. Recapture beginning June 1st.
Fall lowering:
Beginning September 1, lower to 199.5' MSL. If a named storm enters the region COH may initiate an additional prerelease to 199' MSL by notifying SJRA in writing of their call for prerelease.
I know many of you attended their meetings and this decision is a big disappointment. Close to 1,600 people attended the last meeting.

I hope that you enjoy the longer, warmer days that are headed our way.

Until next month,
Tim Steinmuller
President Seven Coves HOA

February 25, 2020

Kevin's update is as follows:

Pool - Bill Cholewin has promised me on Monday that with the clear weather forecast they will get the last work onto their schedule ASAP. He indicated he could give me an exact date before the meeting tonight so will email you when I have that.

Basketball Court / no parking zone. Attached is the letter I sent to Commissioner Meador. As it just went out I don't have a response yet but will personally follow up when I am back which will be Thursday assuming all goes well.

Lake Conroe - The SJRA Board approved a proposal that is an improvement over the existing lake lowering program. It has to be accepted by the City of Houston and not sure when that will occur. The Spring lake levels will be lowered to 200 feet msl (if needed) in April and May - which is the same as it has been. The improvement is in the Fall lowering in that the level in August / September will not fall below 200 feet msl until after Labor Day and then only go down another six inches to 199.5 feet msl to the end of September - also an improvement.

We are very disappointed it was not fully canceled based upon no technical data supporting it but the politics involved required a compromise on both sides. The new program will be in place until 2022 or until some of the updated studies prove it is not effective and we propose to the SJRA Board to cancel again. In the meantime a small group will continue to work registering protests about the decision and keeping up with the studies.

On a personal note I have become the new President of the Lake Conroe Association as Mike Bleier has stepped down after serving for fifteen years. This will not affect my other responsibilities (HOA and MUD #2) and will be much less work than the last four months has been.

Kevin

Montgomery County Pct. #1 Constables Department

7 Coves Association Report

Patrol Data: January-February 2020

Citations ___3___

Warnings ___8___

Suspicious Person/Vehicle __4__

Deed Violation Report
February 25, 2020

Violations-Categorized

10 Violations

17%	Yard Maintenance; mowing, edging, weeding, pruning bushes/trees.
17%	Vehicle Parking: trailers, boats, atvs, etc. stored in yard or driveway.
50%	Unsightly: Misc. items, mold growing, general appearance of yard.
17%	Christmas Decorations and lights

Violations-Activity

58%	Closed: Violation Cured
33%	New: first notice
08%	Re-open: Violation(s) cured and closed then violation repeated

02-25-2020

MARINA REPORT

		AVAILABLE	VACANT	T. M.	L. M.
DOCK #1	COVERED	36	7	81%	92%
	UNCOVERED	30	10	67%	67%
	TOTAL	66	13	80%	80%
DOCK #2	COVERED	54	15	73%	78%
DOCK #3	COVERED	60	16	74%	80%
DOCK #4	COVERED	28	7	75%	79%
	UNCOVERED	48	6	88%	90%
	TOTAL	76	11	86%	86%
OVERALL	COVERED	178	45	75%	81%
	UNCOVERED	78	16	80%	81%
	TOTAL	256	61	77%	81%